RESOLUTION NO. 12-438

A RESOLUTION OF THE CITY OF ROSEVILLE
ADOPTING A RENEWABLE PORTFOLIO STANDARD PROCUREMENT PLAN

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROSEVILLE AS FOLLOWS:

WHEREAS, the State of California has an existing California Renewables Portfolio Standard Program (RPS program) that is intended to increase the amount of electricity generated each year from eligible renewable energy resources;

WHEREAS, on April 12, 2011, the Governor of the State of California signed California Senate Bill 2 of the First Extraordinary Session (SBX1-2, Chapter 1, Statutes of 2011, First Extraordinary Session), known as the *California Renewable Energy Resources Act*;

WHEREAS, on September 9, 2011, the California Legislature ended the First Extraordinary Session;

WHEREAS, SBX1-2 became effective on December 10, 2011, ninety-one days after the end of the First Extraordinary Session;

WHEREAS, the regulations for SBX1-2 (33 Percent RPS Regulations) are being drafted and are scheduled for adoption in mid-February 2013;

WHEREAS, SBX1-2 states the intent of the Legislature that the amount of electricity generated per year from eligible renewable energy resources be increased to an amount that equals at least 20% of the total electricity sold to retail customers in California per year by December 31, 2013, and 33% by December 31, 2020;

WHEREAS, pursuant to the provisions of Public Utilities Code section 399.30(a), the City must adopt and implement a renewable energy resources procurement plan (hereinafter referred to as the "RPS Procurement Plan") to fulfill unmet long-term generation resource needs, that requires the City to procure a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits, as a specified percentage of the total kilowatt-hours sold to the City's retail end-use customers each compliance period, to achieve specified procurement targets;

WHEREAS, pursuant to Public Utilities Code section 399.30(b), the City must adopt and implement an RPS Procurement Plan that includes compliance periods (Compliance Periods). Such Compliance Periods shall be January 1, 2011 to December 31, 2013, inclusive (Compliance Period 1), January 1, 2014 to December 31, 2016, inclusive (Compliance Period 2), January 1, 2017 to December 31, 2020, inclusive (Compliance Period 3), and each calendar year after 2020;

WHEREAS, pursuant to Public Utilities Code section 399.30(c)(1) and (2), the City must adc and implement an RPS Procurement Plan that includes specified procurement targets (Procuremer

Targets) of renewable energy resources for each Compliance Period. Procurement Targets must average twenty percent (20%) of retail sales for the period January 1, 2011 to December 31, 2013, must meet twenty-five percent (25%) of retail sales by December 31, 2016, must meet thirty-three percent (33%) of retail sales by December 31, 2020, and must meet thirty-three percent (33%) of retail sales for all years thereafter;

WHEREAS, pursuant to Public Utilities Code section 399.30(c)(2), the City must adopt and implement an RPS Procurement Plan that includes provisions that address a demonstration of reasonable progress in 2014 and 2015 to ensure the twenty five percent (25%) RPS procurement requirement by 2016, and reasonable progress in each of 2017, 2018, and 2019 to ensure the thirty three percent (33%) RPS procurement requirement by 2020;

WHEREAS, pursuant to Public Utilities Code section 399.30(c)(3) and consistent with Public Utilities Code section 399.16, the City must adopt and implement an RPS Procurement Plan that includes definitions for three renewable product content categories (Content Categories) pursuant to Public Utilities Code section 399.30(c)(3);

WHEREAS, the City's RPS Procurement Plan shall include "Portfolio Content Category 1"; consistent with Public Utilities Code section § 399.16(b)(1) (A) and (B), Portfolio Content Category 1, shall include renewable energy resource electricity products that either (a) have a first point of interconnection with a California balancing authority, have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source, and which may include the use of another source to provide real-time ancillary services required to maintain an hourly or subhourly import schedule into a California balancing authority, but only the fraction of the schedule actually generated by the eligible renewable energy resource shall count toward this portfolio content category, or (B) have an agreement to dynamically transfer electricity to a California balancing authority;

WHEREAS, the City's RPS Procurement Plan shall include "Portfolio Content Category 2"; consistent with Public Utilities Code section 399.16(b)(2), Portfolio Content Category 2 shall include firmed and shaped eligible renewable energy resource electricity products providing incremental electricity and scheduled into a California balancing authority;

WHEREAS, the City's RPS Procurement Plan shall include "Portfolio Content Category 3"; consistent with Public Utilities Code § 399.16(b)(3), Portfolio Content Category 3 shall include eligible renewable energy resource electricity products, or any fraction of the electricity generated, including unbundled renewable energy credits, that do not qualify under the criteria for Portfolio Content Category 1 or Portfolio Content Category 2;

WHEREAS, the City must adopt and implement an RPS Procurement Plan that includes the minimum procurement requirements (Procurement Requirements) of eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 for each Compliance Period, consistent with Public Utilities Code section 399.30(c)(3) and section 399.16;

WHEREAS, the City's RPS Procurement Plan shall include Portfolio Content Category 1 Procurement Requirements of not less than fifty percent (50%) of the eligible renewable energy resource electricity for Compliance Period 1, not less than sixty-five percent (65%) of the eligible renewable energy resource electricity for Compliance Period 2, and not less than seventy-five percent (75%) of the eligible renewable energy resource electricity for Compliance Period 3 and every year thereafter, consistent with Public Utilities Code section 399.16(c)(1);

WHEREAS, the City's RPS Procurement Plan shall include Portfolio Content Category 3 Procurement Requirements of not more than twenty-five percent (25%) of the eligible renewable energy resource electricity for Compliance Period 1, not more than fifteen percent (15%) of the eligible renewable energy resource electricity for Compliance Period 2, and not more than ten percent (10%) of the eligible renewable energy resource electricity for Compliance Period 3, consistent with Public Utilities Code section 399.16(c)(2);

WHEREAS, the City's RPS Procurement Plan shall include Portfolio Content Category 2 resources to meet the remaining RPS obligation for any given Compliance Period;

WHEREAS, the City must adopt and implement an RPS Procurement Plan that provides a definition for contract or ownership agreements originally executed prior to June 1, 2010 (Grandfathered Resources) consistent with Public Utilities Code section 399.16(d). Grandfathered Resources shall include any contract or ownership agreement originally executed prior to June 1, 2010 for resources that were RPS eligible under the rules in place when the contract was executed, and for which any subsequent contract amendments or modifications occurring after June 1, 2010 c not increase the nameplate capacity for the facility or expected quantities of annual generation, or substitute a different renewable energy resource; the duration of the contract may be extended if the original contract specified a procurement commitment of fifteen (15) or more years;

WHEREAS, the City must adopt and implement an RPS Procurement Plan that may include rules for application of excess procurement (Excess Procurement) of eligible renewable energy resource electricity from one Compliance Period to a subsequent Compliance Period consistent with Public Utilities Code section 399.30(d)(1) and in the same manner as section 399.13(a)(4)(B). Beginning January 1, 2011, Excess Procurement from one Compliance Period may be applied to a subsequent Compliance Period; to determine the quantity of Excess Procurement for the applicable Compliance Period, the City shall deduct from actual procurement quantities, the total amount of procurement associated with contracts of less than ten (10) years in duration, and shall not include any resources designated as Content Category 3;

WHEREAS, the City must adopt and implement an RPS Procurement Plan that may include conditions for delaying timely compliance consistent with Public Utilities Code section 399.30(d)(2) and section 399.15(b). The City may approve a waiver of timely compliance (Waiver of Timely Compliance) in the event that there is inadequate transmission capacity (§ 399.15(b)(5)(A)), permitting, interconnection, or other factors that delay procurement, or insufficient supply (§ 399.15(b)(5)(B)), unanticipated curtailment are mandated to address needs of the balancing authority (§ 399.15(b)(5)(C)), or related factors existed;

WHEREAS, the City will adopt and implement The RPS Procurement Plan that will establish procedures to employ in the event of an approval of a Waiver of Timely Compliance, which provisions require the City to establish additional reporting for intervening years to demonstrate that reasonable actions under the City's control are being taken (§ 399.15(b)(6)) and to demonstrate that all reasonable actions within the City's control have been taken to ensure compliance in the future (§ 399.15(b)(7)); in no event shall the deficit from prior compliance periods be added to subsequent compliance periods in the event of a Waiver of Timely Compliance (§ 399.15(b)(9));

WHEREAS, the City must adopt and implement an RPS Procurement Plan that may establish procedures that address cost limitations for expenditures on renewable resources (Cost Limitations for Expenditures) consistent with Public Utilities Code section 399.30(d)(3) and section 399.15(c). Cost Limitations for Expenditures shall be applicable to procurement expenditures for all eligible renewable energy resources used to comply with the renewables portfolio standard, and shall be based on factors that include, but are not limited to, the most recent renewable energy procurement plan, procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources, and the potential that some planned resource additions may be delayed or canceled;

WHEREAS, the City must adopt and implement an RPS Procurement Plan that may establish procedures that address portfolio balance requirement reductions pursuant to section 3206 (a)(4) of the draft 33 Percent Renewables Portfolio Standard Regulations;

WHEREAS, the City must adopt and implement an RPS Procurement Plan that may establish procedures that address historic carry-over pursuant to section 3206 (a)(5) of the draft 33 Percent Renewables Portfolio Standard Regulations;

WHEREAS, pursuant to the provisions of Public Utilities Code section 399.30(m), the City shall retain discretion over the mix of eligible renewable energy resources procured by the City and those additional generation resources procured by the City for purposes of ensuring resource adequacy and reliability, and the reasonable costs incurred by the City for eligible renewable energy resources owned by it;

WHEREAS, the City Council, in compliance with Public Utilities Code section 399.30(e), adopted a program for the enforcement of the RPS program (Interim RPS Program) at the November 16th, 2011, City Council meeting;

WHEREAS, pursuant to the provisions of the draft 33 Percent RPS Regulations section 3205(a), the City is required to adopt a Renewable Energy Resources Procurement Plan by January 1, 2013, and submit it to the California Energy Commission within 30 days of adoption. Notice must be posted in accordance with the Brown Act and the California Energy Commission must be notified of the public meeting to consider the procurement plan; and,

WHEREAS, pursuant to the provisions of the draft 33 Percent RPS Regulations section 3206, optional measures must be adopted as part of the RPS Procurement Plan or the RPS Enforcement

Plan, and must be adopted prior to the end of the compliance period in which they will be used. The optional measures must be submitted to the CEC within 30 days of adoption.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF ROSEVILLE DOES HEREBY RESOLVE AS FOLLOWS:

1. To approve the Roseville Renewable Portfolio Standard Procurement Plan as shown in the attached Exhibit A, and adopt the optional measures contained within Exhibit A;

2. This Resolution shall be effective upon adoption and shall remain in effect until amended or superseded.

PASSED AND ADOPTED by the Council of the City of Roseville this 5th day of December, 2012, by the following vote on roll call:

AYES COUNCILMEMBERS: Allard, Herman, Garcia, Rohan, Roccucci

NOES COUNCILMEMBERS: None

ABSENT COUNCILMEMBERS: None

Paulina Roccucci
MAYOR

ATTEST:
Sonia Orozco
City Clerk

Exhibit A

CITY OF
ROSEVILLE
CALIFORNIA

Renewable Portfolio Standard Procurement Plan

December 2012

Roseville Electric
2090 Hilltop Circle
Roseville, California 95747-9704
Reliable Energy. Dependable Service

1. Introduction

A Renewable Portfolio Standard (RPS) Procurement Plan is required by SBX1 2, the "California Renewable Energy Resources Act" and must be approved by the Roseville City Council. This document describes the City of Roseville's RPS Procurement Plan, as required by the Public Utility Code § 399.30.

2. Notifications

Pursuant to Public Utilities Code § 399.30(f), City Council's consideration of this RPS Procurement Plan will be posted using the standard City Council agenda posting process. The California Energy Commission (CEC) will be notified of the date, time, and location of the meeting. Within 30 days of adoption, this RPS Procurement Plan will be sent to the CEC. Notice must be published and the CEC must be notified whenever the City Council will deliberate in public on the RPS Procurement Plan. Information distributed to the City Council regarding Roseville's renewable energy resources procurement status and future plans for consideration at a public meeting shall be made available to the public and shall be provided to the CEC electronically for posting.

Pursuant to Public Utilities Code § 399.30(d), this RPS Procurement Plan includes optional measures for adoption by the City Council. Optional measures must be adopted at a publicly noticed meeting prior to the end of the compliance period in which they will be used. All optional measures adopted must be sent to the CEC within 30 days of adoption.

3. Compliance Periods and Procurement Requirements

The Public Utility Code § 399.30 (b) and (c) mandates that state-defined renewable resources make up a specified percentage of each utility's retail sales with an ultimate goal of 33% by 2020. This is accomplished with minimum targets and compliance periods. Compliance Period 1 is calendar years 2011 through 2013 and requires an average of 20% renewables. Compliance Period 2 is calendar years 2014 through 2016 and requires 25% renewables by the end of the compliance period, with reasonable progress in each of the intervening years. Compliance Period 3 is calendar years 2017 through 2020 and requires 33% renewables by the end of the compliance period, with reasonable progress in each of the intervening years. After 2020, there is an annual requirement to maintain the 33% renewable standard. The regulations include formulas to calculate the procurement targets for each compliance period. The following table shows the annual targets, but compliance is determined by period.

Compliance Period 1			Compliance Period 2			Compliance Period 3			
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
average of 20%			20%	20%	25%	25%	25%	25%	33%

Figure 1. Renewable Portfolio Standard requirements for renewable energy

4. Portfolio Content Categories

In addition to meeting the renewable energy procurement target, the renewable energy must meet portfolio content category requirements as defined in the Public Utilities Code § 399.16(b); however, as defined in the Public Utilities Code § 399.16(d) renewable energy procured prior to June 1, 2010, is termed "grandfathered" and does not have to meet the category requirements. There are three categories of renewable energy, as follows:

- Portfolio Content Category 1 (PCC1) energy is eligible renewable energy resource electricity products that meet either of the following criteria:

i. Have a first point of interconnection with a California balancing authority, have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source. The use of another source to provide real-time ancillary services required to maintain an hourly or subhourly import schedule into a California balancing authority shall be permitted, but only the fraction of the schedule actually generated by the eligible renewable energy resource shall count toward this portfolio content category.

ii. Have an agreement to dynamically transfer electricity to a California balancing authority.

- Portfolio Content Category 2 (PCC2) energy is firmed and shaped[1] eligible renewable energy resource electricity products providing incremental electricity and scheduled into a California Balancing Authority.
- Portfolio Content Category 3 (PCC3) energy is eligible renewable energy resource electricity products, or any fraction of the electricity generated, including unbundled renewable energy credits, that do not qualify under the criteria of PCC1 or PCC2.

The following table shows the category requirements for the renewable energy that are not grandfathered.

	Compliance Period 1 2011 - 2013	Compliance Period 2 2014 - 2016	Compliance Period 3 2017 - 2020
PCC1 Must Be At Least	50%	65%	75%
PCC2 (no direct restriction)	n/a	n/a	n/a
PCC3 Cannot Exceed	25%	15%	10%

Figure 2. Renewable Portfolio Standard category requirements

5. Plan for Roseville's RPS Requirement

Grandfathered Resources

Roseville Electric entered into several contracts prior to June 1, 2010, which makes them grandfathered resources and not subject to the category requirements. The following list describes Roseville's grandfathered resources.

1. Roseville has a contract with the Western Area Power Administration (WAPA) for a share of the output of the Central Valley Project Base Resource, located in California. A portion of this project is small hydro which qualifies as renewable.
2. Roseville has a contract with Northern California Power Agency for 12% of the Calaveras hydro project which includes the 6 MW New Spicer power plant located in California. The energy from the New Spicer plant qualifies as small hydro.
3. Roseville has contracts with Northern California Power Agency for a combined total of 7.883% of the Geothermal projects output which has a total capacity of 220 MW and is located in California and qualifies.
4. Roseville has a contract with Energy 2001 for renewable energy from the Lincoln Landfill which expires in 2016. The contract was signed in 2004 and amended in 2007. It is a 2.5 MW landfill gas plant located in California.

[1] Firming and shaping establishes a guaranteed delivery of energy during a given time period, irrespective of the actual output of the renewable power plant by substituting electricity from another resource to make up for generation shortfall or selling excess generation to the market.

5. Roseville has a contract with Powerex for 2009 through 2012 RECs. The resources vary. The 2011 and 2012 RECs were from Canada biomass plants.
6. Roseville has a 25-year agreement with Northern California Power Agency for 26.9% of the Western Geo project which is a geothermal project located in California with a planned start date of 2014. It is questionable if this project will be completed, and it may need to be replaced with a new resource.

The following table shows Roseville's total expected annual output from its grandfathered resources.

	CY2011	CY2012	CY2013	CY2014	CY2015	CY2016	CY2017	CY2018	CY2019	CY2020
Total Grandfathered Resources	156,027	143,427	84,606	106,616	147,664	133,384	126,398	123,646	122,190	119,313
% of Retail Sales	13%	12%	7%	9%	12%	11%	10%	10%	10%	10%

Figure 3. Roseville's Grandfathered Resources

Portfolio Content Category Resources

In general, the PCC1 renewable energy is the most expensive and PCC3 is the least expensive. To meet the RPS in the most cost effective way, PCC3 energy should be maximized and only the minimum of PCC1 should be procured, with the remainder being PCC2 energy. The following table shows Roseville's procurement requirement by category using these assumptions.

	CY2011	CY2012	CY2013	CY2014	CY2015	CY2016	CY2017	CY2018	CY2019	CY2020
Retail Sales (MWh)	1,173,585	1,200,326	1,209,227	1,214,640	1,221,147	1,227,627	1,228,756	1,229,464	1,233,299	1,237,868
Total Required Renewables (MWh)	234,717	240,065	241,845	242,928	244,229	306,907	307,189	307,366	308,325	408,497
Grandfathered Renewables (MWh)	156,027	143,427	84,606	106,616	147,664	133,384	126,398	123,646	122,190	119,313
Categorized Renewables Required										
PCC1 (MWh)	39,345	48,319	78,620	88,603	62,767	112,790	135,593	137,790	139,601	216,888
PCC2 (MWh)	19,672	24,160	39,310	27,262	19,313	34,704	27,119	27,558	27,920	43,378
PCC3 (MWh)	19,672	24,160	39,310	20,447	14,485	26,028	18,079	18,372	18,614	28,918

Figure 4. Roseville's Renewable Portfolio Standard requirements

Roseville has procured Category 1 and Category 2 energy for Compliance Period 1. It is expected that there will be excess energy that will be used in subsequent Compliance Periods. The following table shows the status of procurement for each Compliance Period through 2020.

Compliance Periods	CY2011-2013				CY2014-2016				CY2017-2020			
	Required	Procured	Needed	Excess	Required	Procured	Needed	Excess	Required	Procured	Needed	Excess
Grandfathered Renewables (MWh)		384,060				387,665				491,546		
PCC1 (MWh)	166,284	185,000	0	18,716	264,159	180,000	65,443	0	629,872	200,000	429,372	0
PCC2 (MWh)	83,142	85,000	0	1,858	81,280	0	79,422	0	125,974	0	125,974	0
PCC3 (MWh)	83,142	0	83,142		60,960	0	60,960		83,983	0	83,983	
Total Renewables (MWh)	332,568	654,060	83,142	20,574	406,399	567,665	205,825	0	839,830	691,546	639,830	0

Figure 5. Roseville Procurement Status By Compliance Period

Required energy is based on the forecast. Procured is the amount of energy under contract and includes Excess energy from previous Compliance Periods. Needed energy still needs to be procured to meet the forecasted requirement. Excess energy is energy that was generated in the current compliance period but will be applied towards the requirements of a later Compliance Period.

6. Procurement Process

Pursuant to Public Utilities Code § 399.30(m), in all manners regarding compliance with the RPS, the City of Roseville shall retain exclusive control and discretion over both of the following:

i. The mix of eligible renewable energy resources procured by the utility and those additional generation resources procured by the utility for purposes of ensuring resource adequacy and reliability.
ii. The reasonable costs incurred by the utility for eligible renewable energy resources owned by the utility.

The Power Supply section regularly analyzes the City of Roseville's RPS procurement needs. Portfolio supply and demand are assessed. If needed, a Request for Offers (RFO) for renewable energy is posted. The best offers of each PCC and generator type are identified and short-listed. These offers are the first to be considered. Offers received outside the RFO process are only considered if they are competitive with the most recent RFO short-listed offers.

Offers are evaluated for:

- Cost including contract price of energy and REC, plus transmission and integration costs
- Risk including cost risk, regulatory risk, and project viability
- Impact to Roseville's system
- Portfolio fit

Offers are pursued and contracts are negotiated within the cost limitations for expenditures, set in section 7 of this RPS Procurement Plan.

Pursuant to Public Utilities Code § 399.21(a), all RECs will be retired within 36 months from the initial date of generation of the associated electricity.

7. Optional Measures

Specific optional measures are allowed pursuant to Public Utilities Code § 399.30(d). Measures must be adopted by City Council prior to the end of the Compliance Period in which they will be used. The City of Roseville is adopting the following optional measures as part of this RPS Procurement Plan.

Excess Procurement

Pursuant to Public Utilities Code § 399.30(d) and § 399.13(a)(4)(B), the City of Roseville shall be allowed to apply excess procurement in one compliance period to subsequent compliance periods as long as the following conditions are met:

i. Excess procurement must be generated no earlier that January 1, 2011,
ii. The total amount of procurement associated with contracts of less than 10 years in duration shall be deducted from actual procurement quantities,
iii. Renewable energy from Portfolio Content Category 3 resources shall not be counted as excess procurement.

Delay of Timely Compliance

Pursuant to Public Utilities Code § 399.30(d) and § 399.15(b), the City of Roseville shall be allowed a Waiver of Timely Compliance if it demonstrates any of the following conditions are beyond its control and will prevent compliance:

i. There is inadequate transmission capacity to allow for sufficient electricity to be delivered from proposed eligible renewable energy resource projects using the current operational protocols

the Independent System Operator and other relevant Balancing Authorities. In making findings relative to the existence of this condition, deliberations shall minimally consider the following:

a. Whether the City of Roseville has undertaken, in a timely fashion, reasonable measures under its control and consistent with its obligations under local, state, and federal laws and regulations, to develop and construct new transmission lines or upgrades to existing lines intended to transmit electricity generated by eligible renewable energy resources. In determining the reasonableness of the City's actions, the City shall consider its expectations for full-cost recovery for these transmission lines and upgrades, and
b. Whether the City of Roseville has taken all reasonable operational measures to maximize cost-effective deliveries of electricity from eligible renewable energy resources in advance of transmission availability.

ii. Permitting, interconnection, or other circumstances that delay procured eligible renewable energy resource projects, or there is an insufficient supply of eligible renewable resources available to the City of Roseville. Whether the City of Roseville has done all the following shall be considered in making a finding that this condition prevents timely compliance:

a. Prudently managed portfolio risks, including relying on a sufficient number of viable projects.
b. Sought to develop one of the following: its own eligible renewable energy resources, transmission to interconnect to eligible renewable resources, or energy storage used to integrate eligible renewable resources.
c. Procured an appropriate minimum margin of procurement above the minimum procurement level necessary to comply with the renewables portfolio standard to compensate for foreseeable delays or insufficient supply.
d. Taken reasonable measures, under the control of the retail seller, to procure cost-effective distributed generation and allowable unbundled renewable energy credits.

iii. Unanticipated curtailment of eligible renewable energy resources necessary to address the needs of a balancing authority.

If a Waiver of Timely Compliance is allowed, the City of Roseville shall establish additional reporting requirements to demonstrate that all reasonable actions under its control are taken in each of the intervening years sufficient to satisfy future procurement requirements.

Pursuant to Public Utilities Code § 399.15(b)(9), in no event shall a deficit from a prior Compliance Period be added to a future Compliance Period.

Cost Limitations for Expenditures

Pursuant to Public Utilities Code § 399.30(d) and § 399.15(c), the City of Roseville shall establish a cost limitation for all eligible renewable energy resources used to comply with the renewables portfolio standard. In establishing the limitation, the following factors shall be relied on:

i. The most recent renewable energy procurement plan.
ii. Procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources.
iii. The potential that some planned resource additions may be delayed or canceled.

Roseville's cost limitation for expenditures sets a cap on the cost of renewable energy procured for each Portfolio Content Category for each Compliance Period. The cost limitations are based on

actual offers for renewable energy. In calculating the cap, only the renewable attribute portion of th cost is considered. The value of the energy and other costs, such as transmission and integration not included. For contracts that do not split the price between the energy cost and the renewable attribute, the market price for energy will be used to determine the renewable attribute portion of the cost. For each Compliance Period and each Portfolio Content Category, at least three offers must be used to calculate the average price per megawatt-hour. The sum of energy from the offers must exceed Roseville's required energy by at least 50% to account for the potential that some planned resource additions may be delayed or canceled. The forecasted renewable energy requirement and the average price are used to create the cost limitation.

The City of Roseville has decided to delay investment in intermittent resources until integration issues are resolved and the costs and impacts of intermittent resources are clearer. Therefore, baseload resource offers were used to determine the cost limitation for PCC1. PCC2 and PCC3 do not have the same integration issues so do not have the same restriction.

Using the above methodology, the following cost limitations were calculated for Compliance Periods through 2020.

	CY2011-CY2013	CY2014-CY2016	CY2017-CY2020
PCC1 Cap	$6,816,615	$12,339,378	$28,075,725
PCC2 Cap	$1,213,028	$1,241,306	$1,540,841
PCC3 Cap	$874,299	$771,930	$1,007,796
Total Cap	$8,903,941	$14,352,613	$30,624,363

Figure 6. Cost Limitations for Expenditures

When evaluating compliance with the cost limitations, the following will be taken into consideration:

- Grandfathered contracts are not included in the cost limitation.
- Spending below the cost limitation in one compliance period does not roll into the next Compliance Period or between Portfolio Content Categories.
- The cost limitation is only for the renewable portion of the cost of energy. For contracts that do not split the price between the energy cost and the renewable attribute, the market price for energy will be used to determine the renewable attribute portion of the cost.
- Energy that is generated and purchased in one Compliance Period, but is counted towards compliance in a subsequent Compliance Period, will count against the cap in the Compliance Period in which it is counted.

The following table shows the status of cost limitations for each Compliance Period and Portfolio Content Category through 2020. Roseville has successfully procured PCC1 and PCC2 energy for Compliance Period 1 at costs below the cost limitations.

	CY2011-CY2013	CY2014-CY2016	CY2017-CY2020
PCC1			
Procured Cost	$6,298,832	$7,527,368	$7,576,000
Funds Remaining	$517,783	$4,812,010	$20,499,725
Energy not Procured	0	65,443	429,872
PCC2			
Procured Cost	$789,848	$17,652	$0
Funds Remaining	$423,180	$1,223,654	$1,540,841
Energy not Procured	0	79,422	125,974
PCC3			
Procured Cost	$0	$0	$0
Funds Remaining	$874,299	$771,930	$1,007,796
Energy not Procured	83,142	60,960	83,983

Figure 7. Cost Limitations Status

Procured Cost is the expected cost of contracts. Funds Remaining is the cap on costs minus the cost of contracts. If the number is negative then the cap has been exceeded. If it is a positive number, it is the funds remaining to procure the Energy not Procured. If Energy not Procured is zero then the Funds Remaining is how much procurement costs were below the cap.

Additionally, the cost limitations may be further reduced to ensure that compliance with the 33% RPS standard does not drive rate increases greater than the rate of inflation. Roseville may consider pursuing renewable energy that would cause rate to change by more than the rate of inflation if such procurement provides sufficient benefits to Roseville's ratepayers, or for other reasons such as if other budget elements offset renewable increases so that the overall rate change is less than the rate of inflation.

8. Reporting

Pursuant to Public Utilities Code § 399.30(g), the City of Roseville shall annually submit a report to the CEC regarding procurement contracts executed during the prior year. The report shall include:

i. A description of the eligible renewable energy resource, including the duration of the contract or electricity purchase agreement.
ii. A description and identification of the electrical generating facility providing the eligible renewable energy resource under the contract.
iii. An estimate of the percentage increase in the utility's total retail sales of electricity from eligible renewable energy resources that will result from the contract.

Pursuant to Public Utilities Code § 399.30(l), the City of Roseville shall annually submit a report to the CEC and its customers regarding the following:

i. Expenditures of public goods funds collected pursuant to Section 385 for eligible renewable energy resource development, including a description of programs, expenditures, and expected or actual results.
ii. The resource mix used to serve its customers by energy source.
iii. Its status of implementing a renewables portfolio standard pursuant to subdivision (a) and its progress toward attaining the standard following implementation.